

18 November 2016

CHAIRMAN'S ADDRESS AND MANAGING DIRECTOR'S PRESENTATION

In accordance with Listing Rule 3.13.3, a copy of the Chairman's Address which will be presented at the Annual General Meeting commencing at 9.30 am (Brisbane time) is attached. A copy of the Managing Director's Presentation will follow this announcement.

For more information please contact:

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Chairman's Address

Annual General Meeting

18 November 2016

I would like to make some comments on the 'generational change' which we have seen within Blue Sky over the last 12 months.

Today's AGM is the first held since we marked the tenth anniversary of Blue Sky's founding in July 2006. I have been involved with Blue Sky since July 2006. In that time I have never seen such quality and depth in our team as exists today. It is therefore no coincidence that our business is stronger today on all key metrics, than it has ever been in the past – investment returns, investment pipeline, AUM, balance sheet and earnings. It is that strength, both in our team and in the business fundamentals, which underpins the growth momentum we see in our business today.

The next decade holds great opportunity for Blue Sky, its investors and its shareholders. By offering myself for re-election today I commit to extending my involvement with Blue Sky for at least another three years, should I be re-elected.

In the Annual Report I wrote of four key matters:

- *Financial results;*
- *Strategic achievements;*
- *Leadership; and*
- *Governance.*

Our Managing Director Robert Shand will address financial results and strategic matters in his presentation. I would however like to touch upon leadership and the work which we have undertaken following our governance review earlier this year.

Leadership

In August, when announcing the retirement of our founder Mark Sowerby and the appointment of our new Managing Director Robert Shand, I commented on the need to build a multi-generational business to allow us to manage investors' money through the generations. This transition in Managing Directors was a key step, but certainly not the only step, in building that multi-generational business. In reflecting on this transition I am certain of two things:

- *first that in Mark Sowerby we had the right person to lead us over our first decade; and*
- *secondly, that in Robert Shand, we have the right person to lead us over our second decade.*

Mark Sowerby is the only person I have met, or ever will meet, who would have been able to build Blue Sky from nothing to the business it was when he retired – then a \$500m business managing \$2.10b in alternatives across two continents. Mark, I have thanked you before privately and publicly, but it would be remiss for the AGM to pass without recognising your foresight, leadership and importantly the sacrifices you have made over the last 10 years. That example and those sacrifices have had a profound influence on our whole team. Perhaps more importantly they have increased the wealth and financial independence of our

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investees and of more than 10,000 Australians who have directly or indirectly invested in Blue Sky, the Blue Sky Alternatives Access Fund or our funds. On behalf of each of our team and each of our financial stakeholders, thank you. We look forward to continuing to work with you as an adviser to our business.

For Blue Sky to grow to fulfill its potential over the next 10 years a different skill set is required from Mark's entrepreneurial skills which established the business – and Robert Shand possesses those skills in spades.

Robert had an impressive pedigree before joining Blue Sky:

- *First class honours in Commerce and First Class Honours in Law at Queensland University*
- *A consultant at Bain & Company for six years where he advised many of Australia's ASX100 companies, together with global brands.*

Robert joined Blue Sky in 2010, initially as a member of our Private Equity team. In that role he negotiated investments into, and sat on the boards of, a number of our investee companies. In a strategically critical development for the business, he helped attract our first domestic institutional capital. His talent was evident, and it was not long before he was 'borrowed' from the private equity team to help lead certain business projects, notably:

- *the 2011 restructure and consolidation of the group in anticipation of IPO;*
- *the subsequent IPO in 2012;*
- *our capital raises in 2013 and 2016;*
- *the IPO of the Blue Sky Alternatives Access Fund in 2014; and*
- *the establishment of our New York office in 2013 and its subsequent growth.*

With our increasing reliance on Robert across our business operations, there was little chance of the PE team getting him back! In 2013, Robert was appointed COO of Blue Sky. In that role Robert has been directly responsible for:

- *working with Mark and the Board on the overall strategic direction of the business;*
- *all non-investment functions of the business, including marketing, distribution, HR and IT; and*
- *oversight of all finance functions of the business, with the CFO reporting to him (initially as COO and now as MD).*

Rob's intellect, his deep understanding of business and investment through his time at Bain & Company and as part of our private equity team, his intimate understanding of all aspects of our business he gained through his three years as COO, and his naturally methodical and understated approach, all perfectly qualify him to lead Blue Sky through its future growth, in Australia and off shore.

Our Annual Report noted that we had grown NPAT at 50%+ per annum for three years and that we saw growth of this order to be sustainable for the foreseeable future. This morning Robert will share our guidance for FY17 earnings, which will confirm expected underlying NPAT of \$24m - \$26m for FY17. Our confidence in delivering continued 50% growth under Robert's

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leadership is further confirmation to the Board that Robert is the right person to drive Blue Sky to grow to fulfill its potential over the next 10 years.

Whilst the transition of Managing Director is the most obvious manifestation of change within our business, it is by no means the only change occurring. We are well advanced in building a multi-generational business. Our second generation are increasingly assuming more positions of responsibility: the appointments of Kim Morison, Nick Dignam and Elaine Stead to the Blue Sky Alternative Investments board and Laz Siapantas and Lachie McMurdo to the Blue Sky Alternatives Access Fund board are the obvious public appointments, but there are a range of equally important internal progressions occurring, which will underpin the next decade of our growth. Pleasingly, our third generation of leaders are also beginning to emerge.

Governance

In late CY2015, as we planned for the second decade of Blue Sky's life, the Board recognised that the company had grown beyond its initial roots. Consequently it was agreed that a wholesale governance review would be undertaken in 3Q/FY16 to ensure that we identified and implemented the governance structures which would be required for Blue Sky's second decade. That review commenced in early CY2016. It made five key recommendations which were all adopted by the Board:

	Recommendation	Status
1.	Adopt a Board skills matrix; assess the existing Board skill set against that matrix; identify any additional desirable skills; and recruit to fill those gaps.	Completed
2.	Revise the committee structure to separate the risk and audit functions	Completed – Risk & Compliance Committee has been separated from the Audit Committee.
3.	Appoint a minimum of two additional independent non-executive directors	Roles of NEDs have been defined. Independent remuneration report has been commissioned and received. The recruitment process has commenced and is expected to complete by no later than mid 2017.
4.	Revise committee membership to move to compliance with the ASX Corporate Governance Principles and Recommendations	Will occur upon appointment of additional independent directors by no later than mid 2017
5.	Commission an independent review of executive remuneration structures	To be completed in FY17.

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The review of our board composition has identified the skills we need to support our second decade of growth. Some of those skills were already present, some will be brought through the appointment of at least two independent non-executive directors and some have subsequently been brought to the board table through the appointment of three executive directors, Kim Morison, Nick Dignam and Elaine Stead. As this is their first AGM, I will introduce each of Kim, Nick and Elaine to you:

- **Kim Morison**

Like a number of us at Blue Sky, Kim grew up on the land – in Kim's case in Western Australia's wheat belt. From there he completed a Bachelor of Commerce from the University of Western Australia which he supplemented with a Graduate Diploma of Agricultural Economics from the University of New England and a Graduate Diploma in Applied Finance from the Securities Institute of Australia.

Before joining Blue Sky, Kim held a series of executive roles in some of Australia's leading agri-businesses including: General Manager (Marketing) at CSR Sugar, Australia's largest sugar milling and refining company; Division Director and Joint Head of the international cotton trading business at Macquarie Bank; General Manager of Colly Cotton Marketing, a division of the Twynam Agricultural Group and Commercial Manager at Colly Cotton, then Australia's largest cotton growing company.

Kim joined Blue Sky in 2010 as Managing Director of our Real Assets portfolio, including water, water infrastructure and agriculture. Kim has overseen the establishment of our water fund and is one of Australia's leading authorities on our water markets. He has played a significant role in opening up water as an investment class in Australia including by educating institutional and sub-institutional investors about the water market.

Kim brings to the Board unique insight into non-private equity alternative assets and the challenges and opportunities of opening up new asset classes.

- **Nicholas Dignam**

Nick graduated in Commerce and Law from the University of Queensland before completing a Masters of Applied Finance at the Queensland University of Technology.

Following university Nick spent three years with Ernst & Young in its Brisbane M&A team. Subsequently, Nick spent six years in Sydney with Catalyst Investment Managers a mid-market private equity firm. Here Nick worked across a broad range of sectors, including consumer goods, retail, e-commerce, mining services and trade distribution.

Nick joined Blue Sky in 2014 as an Investment Director in our Private Equity team. He is responsible for originating new investment opportunities, working with investee companies to grow and managing exit processes. Nick has led our investment into several private equity companies (including HPS) and successfully led the sale of Readify, to Telstra in June 2016.

Since joining Blue Sky, Nick has consistently demonstrated superior decision making skills and an ability to deliver difficult outcomes. In addition to these skills, Nick brings to the Board a deep understanding of what drives sustained and profitable growth of companies.

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- *Elaine Stead*

Elaine took a PHD in Biochemistry from the University of Adelaide before commencing her career as a stem cell biologist. Turning her back on academia and research, Elaine worked in Australia and the US as a consultant to venture capital, private companies, public institutions and NASDAQ and ASX listed companies, where she helped commercialise technology across a broad range of industry sectors including agriculture, healthcare and IT. Before joining Blue Sky, Elaine worked with CM Capital Investments, a \$250m venture capital fund with a dual focus on healthcare and digital technology where she was responsible for investment origination, portfolio management and investee performance.

Elaine joined Blue Sky in 2013 as the Managing Director of our VC business. Since then, she has launched two funds across early stage expansion capital investments, including Hatchtech which was this year awarded AVCAL's Best Early Stage transaction award. Elaine sits on the boards of a number of VC investee companies in Australia and the US and was this year nominated as Telstra's Australian Businesswomen of the Year.

Elaine is an active member of Australia's VC community, sitting on AVCAL's venture capital stakeholder committee and the investment committee for ANUConnect, the Australian National University's venture capital fund. Her experience in VC and her industry roles give Elaine a unique insight into emerging economic and industry trends and how they might impact society, the economy and investment opportunities.

The quality and depth of talent throughout our business today eclipses anything I have seen in the past decade. The appointment of additional non-executive directors will further enhance those capabilities. That talent confirms to me, not only how far we have come over the last decade, but how far we can go over the next decade. We look forward to you sharing that journey with us.

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